



Remarks Prepared For Delivery

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Thank you for the very kind introduction, and for the invitation to speak with you today. It's wonderful to see such a strong crowd.

I want to thank the Department of Energy for putting together this conference for nine years now. This event provides valuable opportunities for small businesses. Thank you for your support of America's entrepreneurs.

I'm glad that SBA could be a part of this important conference. Since the DOE is the largest civilian purchaser in the federal government, it's critical for SBA to work effectively with the Department to create contracting opportunities for small businesses.

I'm also glad to be here to share some of the great things that we're doing to bolster small business procurement.

Everyone at SBA is in this line of work to help small businesses, and ensuring that small business compete successfully for federal contracts is an important way that we do that. We also understand that helping small businesses is critical for our communities, and for our economy.

Let me say a few words about the small business economy that we have today.

In 1925, Calvin Coolidge, our thirtieth president, said that "the business of America is business." For millions of Americans 83 years later, that business is small business.

Small businesses:

- Employ half of the private sector workforce and create more than two-thirds of net new jobs.
- Account for half of the non-farm GDP.
- Account for about 30 percent of our exports.
- Are the underpinning for transformation in many of the economically distressed communities in our country.
- And small business ownership is the path to a better life for millions of Americans.

In addition, small businesses are innovators. In fact, innovative small firms generate 13 times as many patents per employee as their larger counterparts. We can enable these leaders in innovation by purchasing from them.

Large corporations do this already, facilitating and benefiting from these innovative small firms.

While large corporations invest in research and development, primarily through in-house research, they recognize the ingenuity and

resourcefulness of small innovators. Large companies often develop important partnerships with innovative small firms, either as direct investors, through venture fund participation, or as part of their supply chain program.

In these programs, small businesses become a vital part of partially outsourced product development strategy for large companies, which is both innovative and efficient. These programs, in turn, become critical sources of financing and revenue dollars that support innovation and success among small businesses.

At SBA, we work to maximize federal contracting opportunities for small businesses. This is good for small businesses, but it's also good for you, and for the taxpayer. Small firms are often great partners for the federal government. They are flexible, they provide good customer service, and often, they are cheaper.

But they can be harder to find. And in many cases, small firms are daunted by the process of selling to the federal government. Many small businesses simply take themselves out of the federal contracting game before it even starts.

This is where SBA helps out.

The SBA serves several purposes for small business contracting:

- We reach out to small businesses, and provide business development and education opportunities for small businesses as well as financing and surety bond guarantees
- We work with other federal agencies, like DOE, to try and reach government-wide small business procurement goals.
- And we provide certification for certain socio-economic programs.

As you know, the federal government has a goal of awarding 23 percent of federal contracts to small businesses, and we work with our partners in the federal government to reach this goal. The federal government missed this goal by 0.2 percent in Fiscal 2006, the most recent “official” data that we have. Even so, small businesses still received almost \$78 billion in prime federal contracts, and almost \$61 billion in subcontracts.

In the five targeted sub-categories for small business procurement, the federal government made substantial progress in Fiscal 2006.

- Contracting obligations to women-owned small businesses increased by \$1.5 billion – slightly more than 10 percent over 2005.
- Small disadvantaged businesses received \$2 billion more in federal contracts;
- 8(a) firms received nearly \$1 billion more;
- HUBZone companies got \$1 billion more;

- And Service Disabled Veteran Owned small businesses also received \$1 billion more than in fiscal 2005.

The SBA is committed to working with other federal agencies, like DOE, to increase prime contracting opportunities for these targeted groups, and to enhance their abilities to meet their goals.

Let me tell you about the things we are doing to help small businesses in Texas and across the country can win more federal contracts.

First, we put together training, outreach, and matchmaking events.

For instance, I was in San Antonio last fall for a matchmaking event we held with GSA that brought together 118 sellers and 92 buyers.

I was also here in San Antonio this winter, addressing a group at the Bexar County small business conference.

An important aspect of our role is to guide small businesses directly. For example, we recently launched a major initiative to teach small businesses the basics about selling to the federal government. In mid February we launched an online contracting course, which you can access through our Small Business Training Network at sba.gov. Since then, more than 10,000

clients have benefited from it. 44 percent of those, I'm happy to say, were women.

Our District Offices can provide support and technical assistance for small businesses as they compete for federal contracts.

We also provide counseling and technical assistance through our terrific resource partners. The SCORE network is a great example. SCORE is staffed by volunteer counselors who bring a wealth of experience and can help small business contractors learn the skills they need to succeed in federal contracting. There are SCORE chapters across Texas, from Houston to El Paso and, of course, here in San Antonio. And you can learn more online at SCORE.org.

Second, our training and outreach also includes working with other federal agencies. I chair monthly meeting on the Procurement Advisory Council, where the SBA hosts the small business office directors from the other federal agencies. That is going really well and we are making progress on a monthly basis. We're also currently working with several agencies to develop partnerships.

GCBD Improvements

Third, in addition to outreach to small businesses and the work we are doing directly with DOE and other federal agencies, we're also focused on making improvements to our contracting program. These changes are absolutely necessary, for a variety of reasons.

- They're necessary so we bring more transparency to the process. We use our scorecard to make sure that every agency is focusing on small business procurement and receiving the support that it needs from us.
- They're also necessary so we can improve our processes to be more responsive to our customers. We are streamlining processes and addressing concerns, so that the small businesses out there get the service and opportunities that they deserve.
- Finally, they're necessary so we can make it easier to do business through the use of technology. The more that we can use technology to promote small business contracting, the better off we will all be.

Another important element of our plan is to improve the quality and integrity of small business data entered into the government's contracting information system.

We worked with Office of Federal Procurement Policy, GSA, and acquisition agencies to address the fact that miscoding and other anomalies were causing contracts to be incorrectly counted toward the federal government's small business procurement goal.

Over 11 million contract actions were reviewed in order to correct miscoded contracts. By scrubbing the data, we removed \$4.6 billion in miscoded contracting actions. This is an important step to ensure that small businesses can have increased opportunity to secure a larger share of the federal procurement money.

To further ensure the integrity of our data, we needed to address the issue of businesses that won contracts when they were small, but during the life of the contract, grew beyond small business, or were acquired by larger firms. These firms were still being recorded as small businesses, and were counting toward small business goals.

So last year we published regulations requiring businesses to periodically recertify as small businesses, if they were to be categorized that way. These regulations make it effectively impossible for agencies to claim credit against small business goals for contracts that were originally awarded to small businesses that are no longer held by such firms.

Finally, SBA is currently undergoing a comprehensive Size Standard review where the Agency will review two to three sectors each quarter at the two-digit level NAICS code. We anticipate the entire review process will take 18 to 24 months. We're doing this in the spirit of openness and cooperation. This month we held the first of two planned industry days.

This was an open forum at SBA for the public to comment. We will welcome input from the public, review those comments and incorporate them during the entire process.

Taken together, these requirements will yield major improvements in the quality of contracting data, including small business information. We are here because we believe in increased opportunities for small business.

The bottom line is that the small business pool is bigger because contracts held by large firms aren't being counted as small, and contracts that are no longer being misidentified as small business contracts if they aren't. By increasing the quality of the data and putting more pressure on the federal government to meet these goals, we're increasing opportunities for small businesses. And we're helping small businesses in Texas and across the country secure more federal contracts.

But cleaning up the data, clarifying the size requirements, and increasing transparency and accountability are only half of the battle. At the same time, we need to provide strong support both to small businesses and to our partners in the federal government.

Supporting small businesses and agencies is important, and we understand that our role is not simply to provide oversight from a distance. Our job is to roll up our sleeves and be an active participant in

the process. Our job is to make sure that small businesses are as prepared as they can possibly be – and to work with federal agencies to increase opportunities for small businesses.

So we are setting forth a series of substantial improvements to our contracting and business development programs in order to better support small businesses and other federal agencies. We have one basic goal: to help small businesses successfully compete for federal contracts.

There are several ways in which we are working to make this happen.

- First, we are stepping up our support for small businesses. We have a major campaign under way to reach out to small businesses, educate them and help them navigate the federal procurement process.
- In addition, we have improved our turn-around time on 8(a) applications to an average of 77 days. Not long ago many firms that applied for our 8(a) program were taking 145 days or longer to get certified.
- We've added a new online assessment tool that helps companies determine if they're eligible for the program before they apply. So far, more than 16,000 clients have completed the online assessment

tool, and have been advised on their eligibility and suitability for the program.

- We have simplified compliance reviews. And by automating much of the process, we have given our business development staff more time to focus on business development opportunities for the firms in their portfolios.
- We have retrained our entire field network and national staff of contracting analysts – our PCRs. In providing re-orientation, we will help our PCRs to work more intensely with federal procuring offices in order to help agencies meet their contracting goals, and will also provide other agencies capacity to focus more on reviewing contract bundling.
- We also authorized more PCRs – an increase of up to 66 nationwide for 2008, from 61 in 2007. These extra five representatives will be out there working to get small businesses federal contracts.
- Another advancement is that we've requested a change to the Federal Acquisition Regulations (FAR) that will implement a 2005 regulatory change we made addressing an agency's discretion when selecting a small business program for a set-aside contract. The rule addresses "parity" between SBA programs. It will make clear that

there is no order of precedence among the 8(a), HUBZone, or Service-Disabled Veteran Small Business Programs. For contracts exceeding \$100,000, the contracting officer must consider making award under the 8(a), HUBZone or SDVOSB Programs before the contracting officer proceeds with a small business set-aside.

However, if the contracting officer's set-aside decision is narrowed to either a HUBZone or Small Business set-aside, in accordance with statute, the contracting must do a HUBZone set-aside.

- Finally, to increase support through improved technology, we implemented an enhancement to the CCR Dynamic Small Business Search called Quick Market Search. It features a reverse-lookup function that allows all procurement officials to conduct market searches quickly and to find 8(a), HUBZone and other targeted businesses that can perform Federal contracts. It's available through a link from ccr.gov.

In all, these improvements will help federal agencies identify genuine opportunities for small businesses -- and it will get more money into your hands from federal contracts.

To conclude, I want to say that SBA is focused directly on the issues surrounding small business procurement. We are looking to create a situation in which there is a partnership between SBA, the other federal

agencies, and the small businesses of this country, where we are working together with the goal of obtaining federal contracts for small businesses. We have a responsibility for oversight on small business contracting at SBA, and we also have a responsibility to do the best we can on behalf of the small business owners of this country.

Federal procurement dollars are a vital way of invigorating entrepreneurship, and ensuring that federal agencies make more real contracting opportunities available to small businesses is an essential way the SBA works toward that goal. And this is in the interests not only of small business owners, but it's good for economy as well.

We have an economy that is adaptable and regenerates, and small businesses keep it this way. I'm very proud of the work that we do at SBA, and we are going to continue to find ways to help our partners in the federal government contract with small businesses. And this will mean more opportunities for the small businesses of Texas, and all small businesses, to compete for federal contracts.

Thank you.